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## POSTAL SERVICE

### 39 CFR Part 121

#### Revised Service Standards for Market-Dominant Mail Products; Designation of Implementation Date

**AGENCY:** Postal Service™.

**ACTION:** Final rule; designation of implementation date.

**SUMMARY:** This document identifies the implementation date for the revised service standards for market-dominant mail products associated with the second phase of the Network Rationalization initiative, and makes conforming changes to the applicable regulations.

**DATES:** *Effective date:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** Dave Williams, Network Operations, at 202-268-4305.

#### SUPPLEMENTARY INFORMATION:

On September 21, 2011, the Postal Service published an advance notice of proposed rulemaking (the Advance Notice) in the *Federal Register* to solicit public comment on a conceptual proposal to revise service standards for market-dominant products.<sup>1</sup> After considering comments received in response to the Advance Notice, the Postal Service decided to develop the concept into a concrete proposal, identified as Network Rationalization. The basic logic of Network Rationalization is that falling mail

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<sup>1</sup> Proposal to Revise Service Standards for First-Class Mail, Periodicals, and Standard Mail, 76 FR 58433 (September 21, 2011).

volumes and the resultant excess capacity in the Postal Service's mail processing network necessitate a major consolidation of the network, and this task in turn is contingent on revisions to service standards, particularly the overnight standard for First-Class Mail.

On December 5, 2011, the Postal Service submitted a request to the Postal Regulatory Commission (PRC) for an advisory opinion on the service changes associated with Network Rationalization, in accordance with 39 U.S.C. 3661(b).<sup>2</sup> On December 15, 2011, the Postal Service published proposed revisions to its market-dominant service standards in the *Federal Register* and sought public comment (the Proposed Rulemaking).<sup>3</sup> The comment period for the Proposed Rulemaking closed on February 13, 2012. The final rule was published on May 25, 2012.<sup>4</sup>

Having considered public input and the results of its market research, the Postal Service decided to implement Network Rationalization in a phased manner. The service standard changes associated with the first phase of Network Rationalization became effective on July 1, 2012.<sup>5</sup> In a *Federal Register* notice dated January 24, 2014, the Postal Service announced its decision to postpone implementation of the second phase of Network Rationalization, and to identify the implementation date for the second phase at least 90 days before it takes effect.<sup>6</sup> This document identifies the

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<sup>2</sup> PRC Docket No. N2012-1, Request of the United States Postal Service for an Advisory Opinion on Changes in the Nature of Postal Services (December 5, 2011). Documents pertaining to the Request are available at the PRC website, <http://www.prc.gov>.

<sup>3</sup> Service Standards for Market-Dominant Mail Products, 76 FR 77942 (December 15, 2011).

<sup>4</sup> Revised Service Standards for Market-Dominant Mail Products, 77 FR 31190 (May 25, 2012).

<sup>5</sup> *Id.*

<sup>6</sup> Revised Service Standards for Market-Dominant Mail Products; Postponement of Implementation Date, 79 FR 4079 (January 24, 2014).

implementation date for the second phase of Network Rationalization, and the corresponding service standard changes.

The Postal Service's market-dominant service standards are contained in 39 CFR part 121. This document revises the service standards by identifying the implementation date for the service standards associated with the second phase of Network Rationalization, and by modifying 39 CFR 121.1(b)(2) to clarify that the 2-day service standard for First-Class Mail includes intra-SCF single piece First-Class Mail.<sup>7</sup> The revision concerning the second phase implementation date is applied by replacing “the effective date identified by the Postal Service in a future *Federal Register* document” with “January 5, 2015” each place where “the effective date identified by the Postal Service in a future *Federal Register* document” appears in the current version of 39 CFR part 121, and in Appendix A to that part. The 2-day service standard for First-Class Mail is clarified through the addition of a reference to “intra-SCF single piece domestic First-Class Mail properly accepted before the day-zero-CET” in paragraph 121.1(b)(2). In addition, conforming non-substantive edits were made.

### **List of Subjects in 39 CFR Part 121**

Administrative practice and procedure, Postal Service.

Accordingly, for the reasons stated in the preamble, the Postal Service adopts the following revisions to 39 CFR part 121:

### **PART 121 – SERVICE STANDARDS FOR MARKET DOMINANT MAIL PRODUCTS**

1. The authority citation for 39 CFR part 121 continues to read as follows:

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<sup>7</sup> Application of the two-day service standard to intra-SCF single piece domestic First-Class Mail was described in previous *Federal Register* notices. See Proposal to Revise Service Standards for First-Class Mail, Periodicals, and Standard Mail, 76 FR 58433 (September 21, 2011); Service Standards for Market-Dominant Mail Products, 76 FR 77942 (December 15, 2011).

**Authority:** 39 U.S.C. 101, 401, 403, 404, 1001, 3691.

2. Section 121.1 is amended by revising paragraphs (a) and (b) to read as follows:

**§ 121.1 First-Class Mail.**

(a)(1) Until January 5, 2015, a 1-day (overnight) service standard is applied to intra-Sectional Center Facility (SCF) domestic First-Class Mail<sup>®</sup> pieces properly accepted before the day-zero Critical Entry Time (CET), except for mail between Puerto Rico and the U.S. Virgin Islands, mail between American Samoa and Hawaii, and mail destined to the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(2) On and after January 5, 2015, a 1-day (overnight) service standard is applied to intra-SCF domestic Presort First-Class Mail pieces properly accepted at the SCF before the day-zero CET, except for mail between Puerto Rico and the U.S. Virgin Islands, and mail destined to American Samoa and the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(b)(1) Until January 5, 2015, a 2-day service standard is applied to inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin Processing & Distribution Center or Facility (P&DC/F) and destination Area Distribution Center (ADC) is 6 hours or less; or if the origin and destination are separately in Puerto Rico and the U.S. Virgin Islands; or if the origin or destination is in American Samoa or one of the following 3-digit ZIP Code areas in

Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

(2) On and after January 5, 2015, a 2-day service standard is applied to intra-SCF single piece domestic First-Class Mail properly accepted before the day-zero CET, inter-SCF domestic First-Class Mail pieces properly accepted before the day-zero CET if the drive time between the origin P&DC/F and destination SCF is 6 hours or less, Presort First-Class Mail properly accepted before the day-zero CET with an origin and destination that are separately in Puerto Rico and the U.S. Virgin Islands, and intra-SCF Presort First-Class Mail properly accepted before the day-zero CET with an origin or destination that is in American Samoa or one of the following 3-digit ZIP Code areas in Alaska (or designated portions thereof): 995 (5-digit ZIP Codes 99540 through 99599), 996, 997, 998, and 999.

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3. Section 121.2 is amended by revising paragraph (a)(1) to read as follows:

**§ 121.2 Periodicals.**

(a) *End-to-End.*

(1)(i) Until January 5, 2015, a 2- to 4-day service standard is applied to Periodicals pieces properly accepted before the day-zero Critical Entry Time (CET) and merged with First-Class Mail pieces for surface transportation (as per the Domestic Mail Manual (DMM)), with the standard specifically equaling the sum of 1 day plus the applicable First-Class Mail service standard;

(ii) On and after January 5, 2015, a 3- to 4-day service standard is applied to Periodicals pieces properly accepted before the day-zero CET and merged with First-

Class Mail pieces for surface transportation (as per the DMM), with the standard specifically equaling the sum of 1 day plus the applicable First-Class Mail service standard.

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4. Appendix A to Part 121 is amended by revising the introductory text of Tables 1 through 4 to read as follows:

**APPENDIX A TO PART 121 – TABLES DEPICTING SERVICE STANDARD DAY RANGES**

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Table 1. Prior to January 5, 2015, end-to-end service standard day ranges for mail originating and destinating within the contiguous 48 states and the District of Columbia.

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Table 2. On and after January 5, 2015, end-to-end service standard day ranges for mail originating and destinating within the contiguous 48 states and the District of Columbia.

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Table 3. Prior to January 5, 2015, end-to-end service standard day ranges for mail originating and/or destinating in non-contiguous states and territories.

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Table 4. On and after January 5, 2015, end-to-end service standard day ranges for mail originating and/or destinating in non-contiguous states and territories.

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